

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Pescetti Analyst: LuAnna Hass Bill Number: AB 1036
Related Bills: See Legislative History Telephone: 845-7478 Introduced Date: 02-23-2001
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: HRA/Allows Owners of Mobilehomes Subject to Property Tax to File for Either Renter or Homeowner Assistance

SUMMARY

This bill would allow mobilehome owners who pay real estate property taxes the option of filing a claim under the Homeowners and Renters Assistance (HRA) program for either homeowner or renter assistance.

PURPOSE OF THE BILL

The author's office has indicated that the purpose of this bill is to allow mobilehome owners who pay property tax the same options as mobilehome owners who pay a vehicle license fee (VLF).

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2002, and operative for claim years beginning on or after January 1, 2002.

POSITION

Pending.

ANALYSIS

STATE LAW

Under existing state law, Franchise Tax Board (FTB) administers several non-tax programs, one of which is the HRA program.

The HRA program provides partial reimbursement of the previous fiscal year's property taxes on a personal residence paid directly by a homeowner and indirectly by a renter. Relief for homeowners and renters is based on a percentage of the amount of property tax paid in a given year. A renter is deemed to have paid \$250 in property tax each year. A homeowner claim is based on a percentage of the property tax paid on the first \$34,000 of the full value of the home. The percentage on which the reimbursement amount is based varies inversely with the applicant's income level and ranges from 4% to 96%.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Alan Hunter for GHG

04/04/01

For purposes of the HRA program, “residential dwelling” includes mobilehomes that are:

- owned by the claimant and assessed real estate property taxes, or
- owned by the claimant and subject to property taxes under the Manufactured Home Property Tax Law

For the purposes of the HRA program, “rented residence” includes mobilehomes that are owned by the claimant and subject to the VLF.

Existing HRA law allows the owner of a mobilehome that is subject to the VLF to choose to file for assistance as either a homeowner or a renter. If the claimant chooses to file as a homeowner, the amount reimbursed is based on a percentage of the VLF and not based on the property tax on the value of the property.

To be eligible for assistance, the claimant's total household income for the prior calendar year cannot exceed an inflation-adjusted maximum amount (\$35,251 for calendar year 2001). Total household income consists of adjusted gross income (as computed for California tax purposes) increased by income that is nontaxable for California tax purposes. Also, the gross household income cannot exceed \$64,093. Gross household income is total household income plus all non-cash business expenses such as depreciation, amortization, and depletion.

Claimants may file for assistance from July 1st through October 15th, inclusive. However, FTB may accept claims through June 30th of the year following the year for which assistance is claimed.

THIS BILL

This bill would allow mobilehome owners who pay real estate property taxes to file for assistance under the HRA program as either a renter or a homeowner.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and operations.

TECHNICAL CONSIDERATIONS

Under the HRA program, the definition of “residential dwelling” specifically includes mobilehomes subject to either real property tax laws or Manufactured Home Property Tax Laws. Although Manufactured Home Property Tax Laws are included in the provisions of the real property tax laws, the author may want to amend this bill to specify that these owners are also included to be consistent with the HRA provision that defines “residential dwelling.”

LEGISLATIVE HISTORY

SB 218 (Dunn, 2001/2002) and SB 854 (Brulte, 2001/2002) would provide an increase of 150% for all future claims that are filed beginning with the 2001 claim year. These bills are currently in the Senate Revenue and Taxation Committee. AB 385 (Strickland, 2001/2002) would increase the homeowners maximum property value, the renters property tax equivalent, and the household income amounts. This bill is in the Assembly Revenue and Taxation Committee.

SB 1664 (Karnette, Stats. 2000, Ch. 60) provided a one-time 150% increase for claims filed for the 2000 claim year and changed the filing dates to submit claims. AB 1636 (Mazzoni, Stats. 1999, Ch. 928) provided that the term "residential dwelling" be expanded to include houseboats and floating homes. SB 1464 (Brulte, 1997/1998) proposed increasing the income limits for the HRA program to properly reflect inflation. This bill remained in Assembly Appropriations, but identical language was enacted in the 1998 Budget Bill, AB 2797 (Machado, Stats. 1998, Ch. 322).

PROGRAM BACKGROUND

The program currently referred to as HRA began in 1968, initially providing relief to senior citizens in the form of property tax assistance. In 1977 the program was extended to renters. Beginning in 1979, totally disabled homeowners and renters, regardless of age, became eligible for the program.

OTHER STATES' INFORMATION

Review of Colorado, Florida, Illinois, Massachusetts, Michigan, Minnesota and New York laws found that only Colorado has a program that is comparable to the HRA program in California and includes mobile homes as part of that program. *Colorado* residents that meet certain qualifications are eligible for a grant equal to 20% of the rent paid for the use of a mobile home or a trailer space. A choice in types of claims allowed is not pertinent, as the grant percentage is the same for either homeowners or renters.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

It is projected that allowing this option for certain mobile home HRA filers would result in rather minor additional assistance payments, i.e. on the order of \$1 million annually beginning with assistance for the 2002 calendar year.

The Department does not have specific information pertaining to these HRA filers. It is projected that for the 2002 calendar year there will be approximately 200,000 homeowner claimants. If as many as 10% of these claimants are mobile home owners who would benefit from using renter status, the amount of additional assistance would be on the order of \$1 million annually. An average additional assistance payment of \$50 is assumed.

LEGISLATIVE STAFF CONTACT

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